

Special Commentary — November 7, 2025

Beyond the Jobs Report: What We Learned About the Labor Market Last Month

Summary

The longest government shutdown on record has led to an unprecedented gap in the typical slate of economic data. The most comprehensive looks at the jobs market, spending, investment and inflation published by federal statistical agencies have been delayed due to the shutdown, with a growing likelihood that readings for October will be missed entirely.

When it comes to the labor market, however, policymakers and market participants are at least not flying completely blind. A wide range of private sector, non-profit and state level data continue to be published. On yet another "Employment Friday" without the monthly Employment Situation report from the Bureau of Labor Statistics, what have we learned about the jobs market over the past month?

In this report, we walk through the recent trends in hiring, labor demand and the underlying balance of the labor market offered by data beyond the BLS. Together, they point to the jobs market remaining in a precarious—but not obviously worse—place. Employment growth remains uncomfortably low by historical standards, but there are few signs of slack building in a meaningful way.

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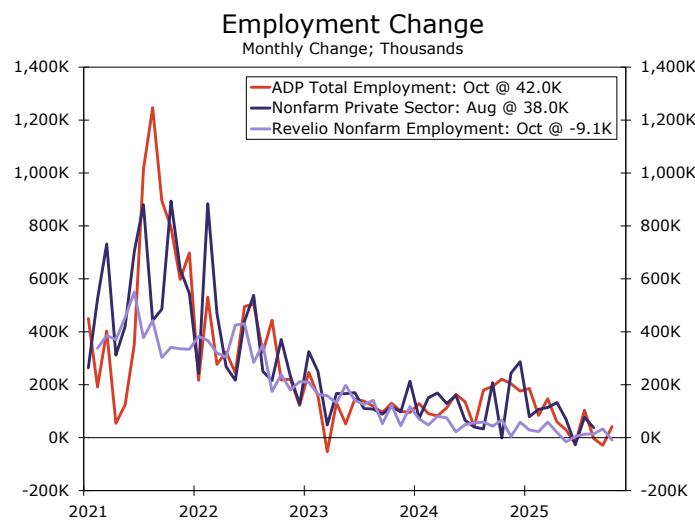
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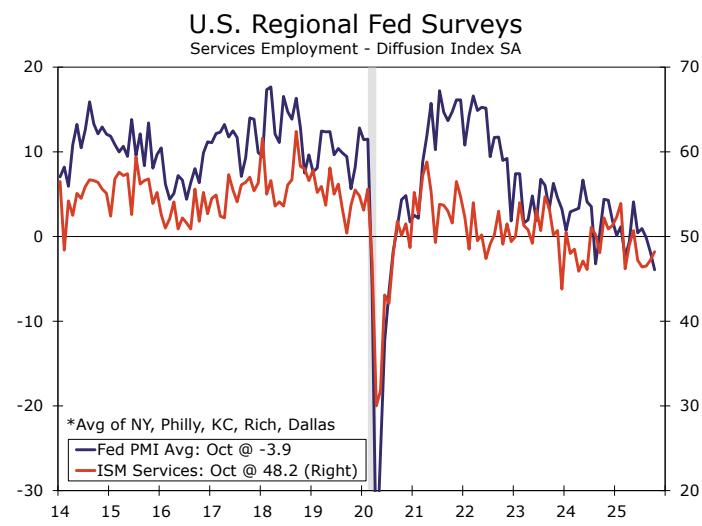
Employment Treading Water

A sharp drop-off in job growth since the spring has sparked concerns that the jobs market is sputtering. Private sector data released since the government's publishing hiatus have done little to change this picture. According to ADP, private-sector employment rose by 42K in October, rebounding from a 29K *decline* in September. October's rebound is at least one indication that the trend in hiring has at least not worsened over the month.

Revelio Labs provides an alternative measure of nonfarm employment that includes public sector workers. The latest estimate shows a 9K *decline* in October and follows a downwardly revised *gain* of 33K in September ([chart](#)). That said, the data's short history and reliance on online professional profiles limits its coverage to more office-based roles, leaving scope for it to potentially miss turning points in the business cycle, in our view.



Source: ADP, U.S. Department of Labor, Revelio Labs and Wells Fargo Economics

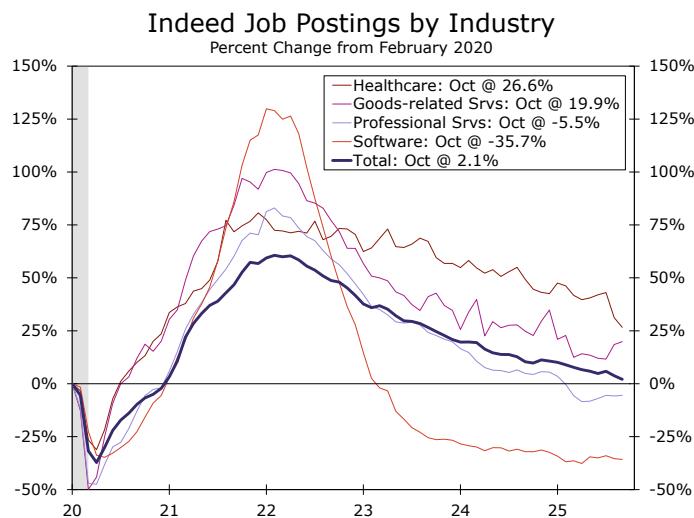


Source: U.S. Regional Federal Reserve Banks and Wells Fargo Economics

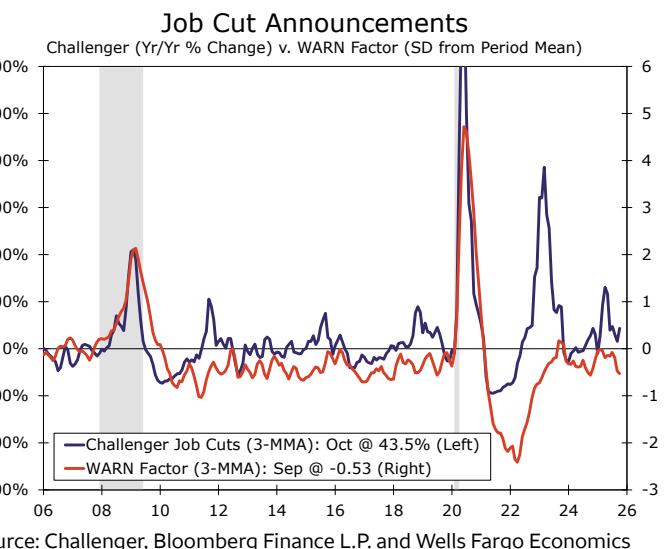
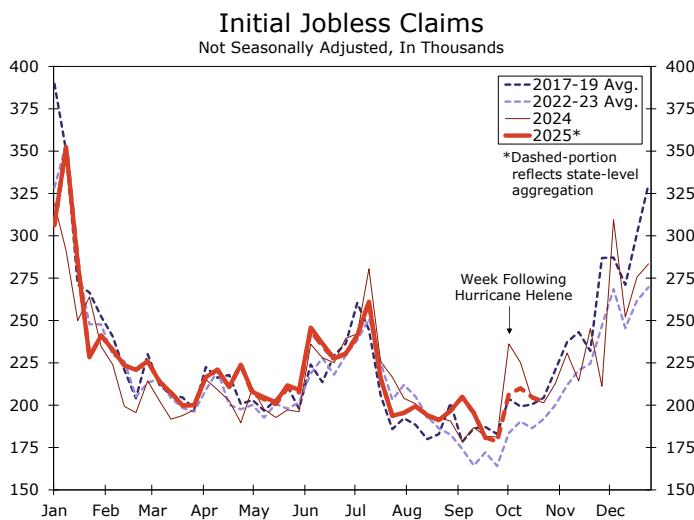
Separate survey-based measures also suggest firms remain reluctant to hire. Taking a simple average of regional Federal Reserve Bank purchasing manager surveys shows the pace of service sector hiring continuing to weaken ([chart](#)). The comparable ISM measure also remains in contraction territory, consistent with more firms reducing headcount than increasing it.

Labor Demand: Ebbing but Not Crumbling

The hiring slowdown has been underpinned by a softening in labor demand. While the absence of JOLTS data leave a gap in official readings of job vacancies, Indeed data show job postings extending their multi-year slide through October. The recent drop in healthcare stands out, as it points to a potential moderation in a sector that has been a key driver of job growth this year ([chart](#)). More encouragingly, small business hiring plans have perked up since May and suggest the possibility of labor demand rebounding after early-year policy shocks ([chart](#)). Yet the divergence in recent readings on labor demand lead us to believe that the truth likely lies somewhere in the middle—firms' appetite to hire has neither worsened nor improved over the past two months.



Fortunately, the still-subdued state of hiring continues to occur against a backdrop of contained layoffs. Initial jobless claims, when aggregated from state level data, show no sign of breaking above the typical level for this time of year ([chart](#)). And while a number of large companies have made headlines with fresh job cut announcements in recent weeks, broad measures of displacements show only a moderate pickup. WARN notices, which are required 60 days in advance of large layoffs, edged up in September but remain within the past year's range. Meantime, total job cut announcements in October according to Challenger, Gray & Christmas rose to 153K, with the number of firms announcing cuts increasing as well. October's increase keeps job cut announcements rising on trend this year, although the pace of increase remains within the range seen over the past few years ([chart](#)).



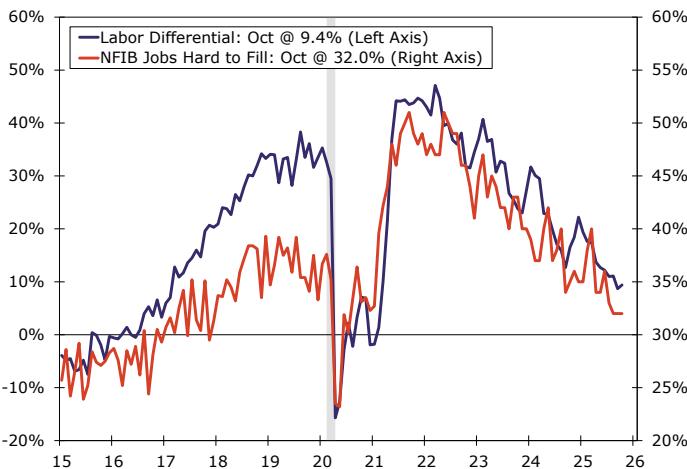
Supply Sight Line Disrupted, But General Balance Seemingly Maintained

While multiple lines of sight remain intact for labor demand, the view on supply has been more obscured. The BLS household survey's delay has halted readings on labor force growth at a time when it is being challenged by changes to immigration policy, population aging and the reverberating effects of weaker demand. This has made it all the more challenging to determine if hiring as reported by ADP and other outlets is sufficiently strong to keep the jobs market more or less in balance.

While the official unemployment rate has not been published, other metrics suggest the jobs market continues to gradually loosen. The latest Chicago Fed's Labor Market Indicators release estimates

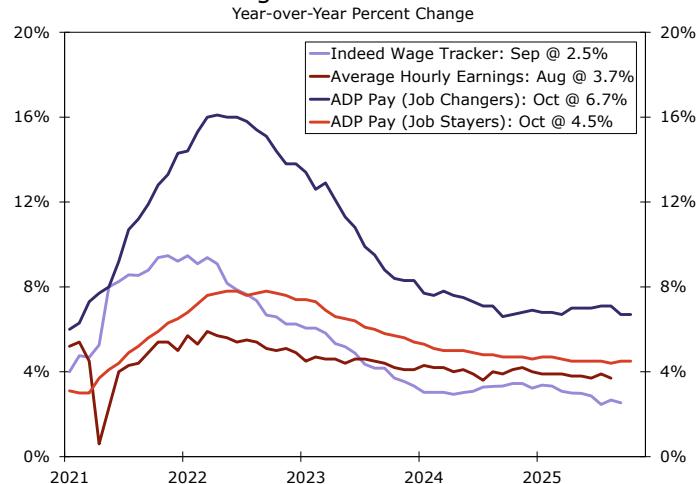
the unemployment rate edged up a touch to 4.36% in October from 4.32% in August as reported by the BLS. Notably, this estimate typically relies on data produced by the federal government, so the methodology has been temporarily adjusted to rely more on private sector data. Yet, long-standing "soft" data on consumers' views of job availability or the difficulty for small businesses to fill jobs also give no indication of the jobs market's balance shifting over the past month ([chart](#)).

Labor Market Becoming Less Tight



Source: The Conference Board, NFIB and Wells Fargo Economics

Wage Growth Tracker



Source: U.S. Department of Labor, ADP, Bloomberg Finance L.P. and Wells Fargo Economics

The stable trends in wage growth provide additional evidence that the labor market has remained in a steady state the past two months. Private sector wage measures have largely moved sideways this year ([chart](#)). If labor demand were weakening more significantly, wage growth would likely be slowing more noticeably. The relatively steady pace of pay growth is indicative of the jobs market roughly in equilibrium.

All Told, Labor Market Holding Together

While the lack of BLS data since October 1 has reduced visibility on the jobs market, alternative indicators suggest the labor market is neither convincingly better nor obviously worse. Hiring remains subdued and demand for new workers continues to gradually ease, but layoffs are still largely contained. Without a clear read on labor supply, it is difficult to assess whether the current pace of job creation is sufficient to keep the unemployment rate from breaking higher. Yet for now, the absence of broad-based layoffs suggest the jobs market is holding together, even if the risk of a more meaningful slowdown cannot be ruled out.

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